ENVIRONMENTAL IMPACT STATEMENT

SCOPING DOCUMENT

FARIBAULT ENERGY PARK PROPOSAL

DOCKET #02-48-PPS-FEP

Prepared by the Staff of the

Minnesota Environmental Quality Board
Room 300
658 Cedar Street
St. Paul, MN 55155

OCTOBER 13, 2003

1.0 INTRODUCTION

Faribault Energy Park LLC (FEP) is proposing to construct and operate a combined-cycle electric generating facility fired by natural gas and fuel oil and capable of producing 250 megawatts (MW) of electricity. The project is proposed to be located north of downtown Faribault, approximately 2.5 miles, on the west side of Highway 76 and south of 170th Street West, in central Rice County, Minnesota. The parcel has recently been annexed by the City of Faribault and is zoned commercial/industrial.

In accordance with the Power Plant Siting Act, (Minn. Stat. §§ 116C.51 to 116C.69), a site permit is required from the EQB before a large electric power generating plant like this project can be constructed. The EQB is required to prepare an Environmental Impact Statement as part of its consideration of the request for a site permit.

The EQB has promulgated rules for the administration of the permitting process. Those rules are found in Minn. Rules chapter 4400. The rules that are particularly applicable to this proceeding are found in parts 4400.1025 to 4400.1900.

2.0 PROJECT DESCRIPTION

The site and surrounding area contain a significant amount of utility-related features including a natural gas pipeline easement, a petroleum product pipeline easement, and an electric transmission line corridor. The area surrounding the site primarily contains agricultural land and a few farmsteads.

The power generation system of the project will consist of a dual-fuel fired, nominal 250 MW combined-cycle intermediate generation facility. The primary fuel will be natural gas and the secondary fuel will be low sulfur number 2 fuel oil. Combined-cycle facilities generate electricity with generators powered by both combustion turbines and steam turbines. The exhaust heat of the combustion turbines is captured in heat recovery steam generators (HRSGs) to produce steam to drive the steam turbine. The steam is condensed using cooling water and returned to the HRSG for reuse.

The proposed project will include a generation building, an administration, switchgear and control building, water storage tanks, fuel oil storage tanks, a natural gas valve and metering station, an electrical substation, a storm water retention pond, and a created wetland. Connected to the generation building will be the heat recovery steam generator, a single 120-foot exhaust, stack, and generator step-up transformers. The facilities will also contain cooling towers, air emissions control equipment, and tanks for chemicals for water treatment and pollution control equipment (aqueous ammonia). The aqueous ammonia will be stored in a double-walled tank outside the generation building.

3.0 EIS SCOPING PROCESS

The purpose of the EIS scoping process is to reduce the scope and bulk of the EIS by identifying the potentially significant issues and alternatives requiring analysis. According to Minn. Rules part 4400.1700, subp. 4, the scoping decision by the EQB chair shall at least address the following:

- The issues to be addressed in the EIS;
- The alternative sites to be addressed in the EIS; and
- The schedule for completion of the EIS.

In determining the scope of the EIS the EQB solicits the input of the public on the appropriate issues and alternatives to address. The EQB will be holding a public information meeting on the Faribault Energy Park project in the Faribault City Hall public meeting room on **October 15, 2003**, at 2:00 and 7:00 p.m. At the meeting, the public will have an opportunity to learn more details about the proposed project and to provide input into the scope of the EIS. The public will also have until Friday, October 24, 2003, to submit written comments to the EQB on the scope of the EIS. Written comments should be mailed to Bill Storm, Minnesota Environmental Quality Board, 658 Cedar Street, Room 300, St. Paul, Minnesota 55155.

The final scoping decision will be made by the EQB Chair. That decision will be made shortly after the close of the comment period on October 24. Persons who want to be advised of the Chair's scoping decision can register their names with the EQB at the public meeting or contact Bill Storm at (651) 296-9535. The final scoping decision will also be posted on the EQB webpage.

This EIS scoping document is intended to advise the public of the scoping process and the process for the preparation of an Environmental Impact Statement and to identify for the public the issues and alternatives that the EQB staff has determined are appropriate for inclusion in the EIS. This document also identifies certain issues that will not be included in the EIS.

4.0 DRAFT SCOPING DECISION

The Environmental Impact Statement on the Faribault Energy Park project will address the following matters:

A. GENERAL

A.1. Purpose and Need

A.2. Regulatory requirements

B. PROPOSED ACTION

B.1. Typical operation cycle of the plant (hours per day, days per year)

B.2. Construction plan: time needed to construct the plant and the anticipated time frame for plant operations based on the plant's design

B.3. Emission controls and effects on overall plant operations

B.4. Combustion turbine and cooling technologies

C. SITE SELECTION

C.1. Property acquisition for the land where the plant may be sited

C.2. The process used to identify the sites

C.3. Municipal services and corresponding infrastructure needs (e.g., storm water system, water lines, sanitary waste treatment capacity, spray irrigation for wastewater disposal, roads, pipeline routing and transmission interconnection)

C.4. The plant siting process, including the agency responsible for site selection

C.5 Siting considerations contained in Minnesota Rules part 4400.3150

D. AIR POLLUTION

D.1. The type, amount, and impact of fugitive dust generated during construction and operation

D.2. Fugitive dust management practices during construction

D.3. The type, amount and impact of potential criteria and hazardous air pollutant emissions from the plant

E. BIOLOGICAL RESOURCES

E.1. Threatened and endangered species and species of concern

E.2. The potential for disruption of critical habitat

E.3. Discharges to the streams and rivers and the effect on wildlife and aquatic life

E.4. The location of utility lines and potential impacts on wetlands

F. CULTURAL RESOURCES

F.1. The impacts of proposed plant site and associated facilities on historic and archaeological resources

G. GEOLOGY AND SOILS

G.1. The potential for soil erosion at the plant site

G.2. The potential for loss of prime farmland

H. HEALTH AND SAFETY

H.1. The effects of noise and pollution on human health

H.2. Potential accident scenarios concerning the use of natural gas

H.3. The current regulatory status of health risks related to electric and magnetic fields

H.4. The use, location, size, and potential effects of high voltage transmission lines and high pressure natural gas pipelines for the proposed project

H.5. Emergency preparedness plans for the plant

I. LAND

I.1. Zoning requirements and compatibility with local land use planning

I.2. The need for setbacks from highways and residential areas

I.3. The amount of prime farmland that the power plant would use

I.4. The effects on existing land uses

I.5. The impacts of site decommissioning, closure, or abandonment

J. NOISE

J.1 Noise associated with construction of the plant

J.2. Noise associated with operation of the plant

J.3 Noise heard by the public

K. SOCIOECONOMICS

K.1. Housing or lodging requirements during construction and operation

K.2 Construction, operation, and closure effects upon the local economy (jobs, property taxes)

L. TRANSPORTATION

L.1. The transportation of materials to the plant, including routes, frequency, mode of transportation, and time of day or night

L.2. The accident potential associated with truck, train, and other vehicular traffic during construction and operation

M. VISUAL IMPACTS AND AESTHETICS

M.1. Line-of-sight issues and visual impact of the power plant's stack, and related structures

M.2. Brightness of operations and security lights, day and night time visual impacts

M.3. Visual impacts of emission plumes and fog

N. WASTE MANAGEMENT AND DISPOSAL

N.1. Constituent characteristics and handling of waste water

N.2. Types, quantities and management practices of solid and hazardous waste generation

N.3. Storm water runoff management practices

O. WATER

O.1. Water withdrawal needs from groundwater sources

O.2. The potential effect of groundwater withdrawal on neighboring wells

O.3. The impacts if the plant were sited in a floodplain

O.4. Use of municipal water

O.5. Wastewater management and discharge, including the characteristics of

contaminants that might be discharged to water and the effect of discharges on a municipal wastewater treatment plant or agricultural land

P. OTHER

P.1. Creation and management of created wetlands

P.2. Water-related problems that may develop from standing water (mosquitoes, odors, algae)

5.0 ALTERNATIVES TO BE ADDRESSED IN THE EIS

Faribault Energy Park has identified a proposed site and an alternative site for construction of this large electric power generating plant. Both sites are on the north side of the City of Faribault in an industrial park. The two sites are contiguous to each other. The EQB staff is not recommending that any additional sites be evaluated in the EIS.

6.0 ISSUES OUTSIDE THE SCOPE OF THE EIS

On August 13, 2003, the Minnesota Public Utilities Commission (PUC) granted the Certificate of Need (CON) requested by the Faribault Energy Park, LLC for a 250-megawatt natural gas fired electric generating facility. Because the PUC has issued a CON for this project, the EQB is precluded by statute, (Minn. Stat. §116C.53, subd. 2), from considering issues related to the size or type of the facility. Such issues are not within the scope of the EIS. The EQB will not as part of this environmental review consider whether a different size or different type plant should be built instead. Nor will the EQB consider the no-build option.

The proposed power plant will be connected to the transmission grid, via an on-site electrical substation, at the Lake Mario - West Faribault 115 kV high voltage transmission line (HVTL) which parallels the western property line. The new power plant may require upgrades to the existing HVTLs servicing the area. The two upgrade options under consideration are (1) a rebuild of the Lake Mario - West Faribault 115 kV line to a higher capacity and (2) the construction of a new 161 kV circuit from the plant to the transmission grid. The new line (161 kV) could interconnect at either the South Faribault substation or at a new site further south along the South Faribault - West Owatonna 161 kV line. Faribault Energy Park has elected to seek authorization for construction of the interconnect upgrade in a proceeding separate from this one. The environmental impacts of selection of a transmission line and route will be considered in a separate proceeding. The EIS will, however, address the proposed electric transmission interconnection and the natural gas pipeline tap required for this facility.

7.0 SCHEDULE FOR COMPLETION OF EIS

A Draft Environmental Impact Statement will be completed by February 15, 2004.

Upon completion of the Draft EIS, the EQB will notify those persons who have asked to be notified of the completion. In addition, the EQB will publish notice of the availability of the Draft EIS in the EQB Monitor (the bi-weekly newsletter of the agency). The Draft EIS will be made available for review and will be posted on the EQB webpage. The EQB will schedule another public meeting in the Faribault area to provide an opportunity for the public to ask questions and to comment upon the document. The public will also have a period of time (at least 10 days) after the meeting to submit written comments.

The EQB will respond in writing to the substantive comments that are submitted. The Draft EIS, the public comments, and the EQB response will constitute the Final Environmental Impact Statement. The EQB will publish notice in the EQB Monitor of the completion of the Final EIS.

The EQB will also schedule a hearing before an administrative law judge for shortly after the Draft EIS is completed. Once the Final EIS is finished and the hearing is over, the matter will come before the full EQB Board for a final decision on a site permit. The Board will also determine whether the Final EIS is adequate. The EQB will make a final decision on a site permit application within 60 days after receipt of the report of the administrative law judge's report.

8.0 IDENTIFICATION OF PERMITS

The Environmental Impact Statement will include a list of permits that will be required for the project proposers to construct this project. The following permits have been identified as potential:

Preliminary Permitting Requirements		
Agency	**Permit/Approval**	**Regulated Activity**
FEDERAL		
COE	Section 10/ Section 404 Permits	Construction activities in navigable water of the US.
EPA	Risk Management Plan	Potential accidental releases of hazardous chemicals that are used or stored onsite in greater than threshold quantities (Title III of CAAA).
DOE	Alternate Fuels Capability Certification	Baseload facility using natural gas.
FAA	Notice of Proposed Construction or Alteration	Construction of an object which has the potential to affect navigable airspace (height in excess of 200' or within 20,000' of an airport).
FERC	Exempt Wholesale Generator Status	Selling electric energy at wholesale to a utility or other generator.
STATE		
MPCA	Air Pollution Control Construction Permit	Construction, installation or alteration of an air contamination source.
MPCA	Title IV Acid Rain Operating Permit	Title IV of CAAA, applicable to fossil fuel fired units > 25 MW.
MPCA	Title V Operating Permit	Title V of CAAA or Federally Enforceable State Operating Permit for significant air emission sources.
MPCA	Hazardous Waste SQG Registration	Generation of small quantities of hazardous waste.
MPCA	Section 401 Water Quality Certification	State approval for federal action impacting state waters.
MPCA	NPDES Stormwater Construction Permit	Discharge of storm waters during construction of facility.
MPCA	NPDES Stormwater Operation Permit	Discharge of storm waters during operation of facility.
MPCA	Archeological and Historical Review	Activities that could potentially affect archeological or historical resources.
DNR	Groundwater Appropriation Permit	Pump groundwater to the plant
DNR	Public Waters Permit	Projects constructed below the ordinary high water level (OHWL)
LOCAL		
County/Tsp	Site Plan Approval	Establishment of power generation facilities as a permitted use.
County/Twp	Building Permit/Architectural Review/Fire Safety Approval	Construction of facility.
County/Tsp	Soil and Sedimentation Control Permit	Control of soil erosion.
County/Tsp	Individual Septic Treatment System	Design, construction and discharge of sanitary wastewater.
County/tsp	Certificate of Occupancy	License to operate facility